

April 13, 2015

To: State of Michigan, House of Representatives, Energy Committee
From: Wm. Art Holdsworth, Director of Facilities Management, Oakland County, Michigan
Re: Electricity Customer Choice

I'd like to share with you my concerns with House Bill 4298. On the *demand* side of the equation:

- If passed, HB4298 would eliminate Electricity Customer Choice (ECC) in the State of Michigan. With ECC, a consumer can contract with an Alternative Electricity Supplier (AES)ⁱ. Currently, the state allows 10% of Michigan's electricity to be purchased and sold through AES' whose rates are often less than those of the major utilities.
- AES contracts are so popular that more than 11,000 companies are currently on waiting lists
- Oakland County contracts with AES' and saves nearly \$500,000 a year
- Michigan businesses that have contracted with AES' since 2009 *saved* \$350 million...those that could not *paid* \$235 million a year *more*
- The businesses that have not been able to take advantage of ECC have been placed at a competitive cost disadvantage
- Not only are they at a competitive disadvantage with Michigan companies, they're at a competitive disadvantage with companies across the Midwest. Electricity costs for Michigan consumers have been \$3 billion higher than in nearby states.
- Those higher electricity costs had to be paid for somehow. Businesses had to either...
 - Invest less in renovations or new products, placing them at still greater competitive disadvantage; or
 - Lay off employees or delay hiring new employees, weakening the Michigan economy still further
- That means higher electricity costs may have cost Michigan 21,000 jobs a year
- Oakland County represents 18% of the Michigan work force and could have seen an additional 3,780 jobs a year if rates had simply been *on par* with other states
- And eliminating the 10% ECC level would exacerbate the problem!

On the *supply* side of the equation:

- Michigan faces two more problems:
 - Obsolescence: our utility plants are aging and inefficient, subject to ever-more stringent EPA regulations
 - A stagnant merchant electricity marketⁱⁱ: merchant electricity providers aren't entering or staying in the Michigan market, meaning newer and more efficient, cleaner burning plants aren't being built